Budget Guidelines & Procedures
UCLA Operating Budget
FY2016-17

Office of Academic Planning & Budget
February, 2016
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I. Introduction
The purpose of this document is to provide the necessary information to prepare for the construction of UCLA’s FY2016-17 budget. As a budget is a planning document, the submission of each budget is a representation of an alignment of available resources to organizational priorities. Most importantly, a budget allows the institution to demonstrate prudent management of resources to the State, public, students, faculty and staff.

II. New Budget Calendar
UCLA will be changing the timing of when budgets are submitted to senior campus leadership. The goals of the updated budget timeline include:

- Better understanding of the expected financial position of the institution as a result of having budgets completed by June 30 each year.
- Increased transparency in the annual budget process.
- Additional financial accountability on a campus-wide basis.
- Align available resources to organizational priorities through proactive, data-driven decision making.

Attachment A includes the updated UCLA budget calendar. Some of the pivotal dates and changes to consider in this document include:

- **Budget Submissions:** Budget input into CBIG will occur between 3/21/16 and 5/20/16. All budgets will be approved by senior leadership by June 30.
- **Budget Conferences:** Management reviews will be replaced by budget conferences and will require the submission of a budget conference packet to APB.
- **Fall year-end analysis:** Each Fall, budget to actual results for the previous year will be analyzed.
- **Sales & Service:** POSSSE budget hearings will begin in December and extend through February.

III. Funds to Budget
Please see the tables below for a list of funds that need to be budgeted at the Department level for FY2016-17. The individual funds within each Total Modified Fund category will need to be budgeted.
In summary, while budgeting all funds is highly encouraged in order to get a complete picture of your Organization’s financial position, funds that are NOT mandatory for FY2016-17 budget input include:

- Contracts & Grants
- Gifts & Endowments
- Other State Funds
- Other Source Funds
- Student Fees Other
- Summer Session
- Financial Aid
- Auxiliaries
- Sales & Service
- Compensation Plan

Revenue & Expenses

For FY2016-17, budget all operating expenses (non-compensation expenses) as one line. The rest of the budget input categories for revenue and expenses remain the same.

<table>
<thead>
<tr>
<th>Revenue &amp; Expense Categories to Budget for FY2016-17</th>
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<tbody>
<tr>
<td>Perm Approp</td>
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<tr>
<td>Perm/Revenue</td>
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<tr>
<td>Temp Approp</td>
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<tr>
<td><strong>Total Revenues</strong></td>
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<tr>
<td>Faculty Ladder</td>
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<tr>
<td>Faculty Temporary</td>
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<td>Academic Apprentice</td>
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<tr>
<td>Academic Other</td>
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<tr>
<td>Career Staff</td>
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<tr>
<td>Non-Career Staff</td>
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<tr>
<td><strong>Total Salaries &amp; Wages</strong></td>
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<tr>
<td>Medical (Health/Dental/Vision)</td>
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<tr>
<td>UCRS (Employer Contribution)</td>
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<tr>
<td>All Other Benefits</td>
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<tr>
<td><strong>Subtotal Benefits</strong></td>
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<tr>
<td>Fee Remissions</td>
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<tr>
<td><strong>Total Benefits</strong></td>
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<tr>
<td><strong>Total Compensation</strong></td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
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<tr>
<td><strong>Total Compensation and Operating Recharges</strong></td>
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<tr>
<td><strong>Total Expenditures</strong></td>
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<tr>
<td>Surplus/(Deficit)</td>
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<tr>
<td>Carryforward</td>
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<tr>
<td>Adjustments to Unexp. Bal.</td>
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<tr>
<td>Ending Balance</td>
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</tbody>
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IV. Budget Assumptions for FY2016-17

A. Employer Benefit Contribution Rates
   • Salary Increases
     o Staff Salary Increases:
       ▪ Non-Represented: Assume 3% increase starting July 1 (subject to future UCOP guidance).
       ▪ Represented: Increases based on contract negotiations.
     o Faculty Salary Increases:
       ▪ Assume 3% COLA effective July 1 (subject to UCOP and APO guidelines).
       ▪ Continue to budget costs for regular cycle of ladder faculty increases (tenure, step increases).
   • Benefits Rates:
     o Benefits rates change at least twice a year. When benefit rates are updated, a new chart is issued on the Corporate Financial Services website: https://www.finance.ucla.edu/payroll/charts-calendars/employer-benefit-contribution-rates-archived
     o Calculator: See Benefits Calculator for example of how to calculate rate increases
     o FY2016-17 Assumptions:
       ▪ UCRP: Assume no increase in the current rate.
       ▪ Medical: Assume a 5% increase effective December.
       ▪ Other: Assume no increase in the rate.

   • Campus Insurance Rates and Premiums:
     o Assume no change. This is subject to additional guidance from Insurance & Risk Management.
     o Information and current rates can be found here: https://www.irm.ucla.edu/finance

B. Fee Remissions (Paid on 19900 Funds)
   • Work with your Dean’s Office to determine total amount of fee remissions.
   • Budget July through May based on anticipated timing of fee remission expenses. Make sure quarters are accurate.
   • Reverse all fee remission costs in 19900 fund in June so full year total expense is zero.
   • Total expense and cost should be reflected in June in fund 20095 (APB transaction).
   • When inputting in Hyperion Planning System, do not use spread rules.
   • Fee remissions paid on 19900 funds for ineligible graduate students are not funded centrally.

C. Undergraduate Academic Incentive Funds & Enrollment Growth Funding
   • Applies only to Undergraduate Instruction.
D. UCOP Assessment (Tax)
   a. **Background**: UCOP decentralized all state funds used for its operating budget back to the campuses. In exchange, UCOP taxes campuses for services provided by the Office of the President. 2011/12 was the first year of the funding streams tax, but central resources sheltered the campus from the tax for 2011/12. The tax was implemented in 2012/13 at UCLA (recharge to expense, not a fund transfer).
   b. **Chancellor Subsidy**: The Chancellor will continue to subsidize a large portion of the tax assessment.
   c. **FY2016-17**: Assume no dollar change in the assessment. Subject to change.

E. Chancellorial Commitments
Please complete the Strategic Funding Request application in order to request funding for strategic projects through Chancellorial resources. This application needs to be submitted to APB along with the budget conference packet.
   - **Non-contingent Commitments**: Transfers will occur at the beginning of the fiscal year.
   - **Contingent commitments**: Fund transfers occur as triggered (e.g. hiring decisions, cost reimbursements received by APB).
   - **Fund Source**: Can’t guarantee fund source, but try to match commitments that are continuing in nature.

V. Sales & Service
A. **Recharge Rates**: Central Administrative Fees (CAFs) and Contract Recharges (CR) are processes which allow Campus Support Services and Central Administrative Units to collect revenue to offset the cost of providing services to the UCLA campus. At times, Contract Recharges are also utilized to provide services to others in the UC system.

Budget and rate proposals are due to Craig Gill by December 9. The budget schedules will be provided by the POSSSE staff.

   - **Central Administrative Fees (CAFs)**:
     - **Rates**: Rates are to be set utilizing the methodology reviewed and approved by the POSSSE Committee.
     - **Unallowable charges**: CAFs cannot be applied to those portions of the budget of a unit being charged that come from Federal contract and grant overhead, donations, registration fees, student services fees, or other types of Chancellorial subsidies.
     - **Subsidy Percentage**: The exclusion of the portion of the budget outlined above is accomplished by a Subsidy Percentage which reduces the expense total utilized in the rate calculations by the percentage of the budget which may not be charged. The subsidy percentages are reviewed and updated every three years. They were last reviewed in FY2015-16.
   - **Contract Recharges**:
     - Budget and rates should be set to recover total direct costs and are reviewed by the POSSSE Committee. Any increases should be passed onto the unit requesting the
services and should not be borne by the Central Administrative recharging unit, which has no viable means of absorbing the increase without a reduction in core services.

A. POSSSE: Campus Support Services
   - Federal Contracts and Grants: Must exclude interest expense and/or depreciation on equipment purchased with Federal funds. This can be accomplished by charging these expenses to other funding sources or through a dual rate structure.
   - Dual Rate Structure: In a dual rate structure environment the unit charges both Federal and non-Federal contract and grant customers. A separate, lower rate which excludes interest expense and other unallowable costs and/or applicable credits for Federal Contract and Grant users are either charged initially or in some cases rebated to Federal Contract and Grant users.

B. “Other than Campus Support Services”
   - The Budget and Rate review responses will be part of the fall year-end review.
   - Adjustments to Permanent Budgets which do not require changes to the rates can be identified and changed at any time of the year before July 1.
   - Revised fund applications must be submitted for approval when rate changes are required or whenever there are significant changes to the underlying sales activities.
   - Outstanding questions from the review responses and the APB fund review process will be discussed with the unit, if necessary, in adjunct meetings during Budget Conference process.

VI. Student Fees & SFAC
All applications for course materials fees, student user fees, and student services fees are presented to the Student Fee Advisory Committee (SFAC) by APB. This committee then makes a recommendation to the Chancellor on whether to approve the fee(s). SFAC does not meet in the summer months.

In order to better align the SFAC’s review of applications with the campus submission of FY17 budgets in March/April, the following includes the deadlines for submissions:

1. Course Materials Fees (CMF):
   - Requesting Summer Start-Date for Assessment of Fee: All CMF applications that request implementation of fees for Summer quarter are due no later the November before Summer begins. However, for Summer 2016, the applications will be due December, 11, 2015.
   - Requests for 2016-17 Course Materials Fees: Applications need to be submitted to ABP by no later than February 1, 2016.

2. Student User Fees:
   - Requests for 2016-17 Student User Fees: Applications need to be submitted to ABP by no later than March 1, 2016.

3. Student Services Fees (SSF):
   - SFAC will send out a call letter to units for requests of temporary SSF funds. The due date for applications will be in their call letter. SFAC is adjusting their schedule to the updated budget timeline, and will be reviewing applications earlier so that they can provide final recommendations to the Chancellor by April, 2016.
VII. Financial Management

A. Review and Analysis of Financial Performance
   • Fall Year-End Analysis: In September/October, the campus will review the year-end budget to actual balances for the previous fiscal year.
   • Budget Conferences: Will occur January – March. These will replace management reviews.

B. UCLA Annual Budget Document
Each year, UCLA will create a budget document that will reflect the campus’s budget segmented by each Organization. For FY2016-17, this document will only be shared internally on the campus. It is expected that by FY2017-18 the document will be made public.

VIII. Budget Submissions

A. Budget Input Process
All budgets must be submitted into the Hyperion Planning system (online campus budget system). This system will then create the reports needed by senior campus leadership to understand the financial position of the institution.

We highly recommend that users input their budgets through the SmartView Excel add-on. For additional information, please see the APB website at http://www.apb.ucla.edu/cbig.aspx.

B. Written explanations:

See Attachment A for information on what needs to be submitted.
ATTACHMENT A
Budget Submission Written Explanations

The following information is required for each Organization.
Please return your Organization’s written explanation to: Rebecca Lee-Garcia, rleegarcia@ponet.ucla.edu

1. **Material Impacts to an Organization’s FY2016-17 Budget**
   Describe and quantify any material impacts to the Organization’s revenue and expenses as related to the goals stated in the budget conference packet or any goals that have surfaced since then. This could include changes in the financial structure, major purchases of equipment, plans for the addition or elimination of academic program or other projects or services, staffing level changes, operational efficiencies etc.

2. **Deficit Ending Balances**
   Related to either fund 19900 OR the total of all funds required to budget this year.
   - **By Organization:** If an Organization submits a deficit ending balance for either 19900 or the total of the funds required to budget this year, please submit an explanation on how the Organization ended up with the deficit ending balance, and a plan as to how it will resolve the deficit ending balance.
   - **By Department:** If a Department submits a deficit ending balance for either 19900 or the total of the funds required to budget this year, please submit an explanation on how the Department ended up with the deficit ending balance, and a plan as to how it will resolve the deficit ending balance.

3. **Annual Operating Deficits**
   Related to either fund 19900 OR the total of all funds required to budget this year.
   - **By Organization:**
     - IF an Organization has been spending down the carryforward as a result of at least 2 years of operating deficits,
     - AND a projection that uses spending patterns based on historical trends shows that the Organization could end up in a deficit ending balance in by FY2017-18,
     - Submit plan that describes how the Organization will stabilize spending in order to avoid reaching a structural deficit in the near future.

4. **Carryforward by Organization**
   If an Organization’s carryforward in 19900 OR the total of all funds required to budget this year is greater than 60 days (17%) of the operating budget please submit a spending plan on how the surplus will be used.